

Minutes of the Oil and Gas Advisory Committee
City of Aurora, Colorado
November 16, 2022

Virtual Meeting

The following were present:

Brad Pierce, Committee Member, Chair, Citizen
Josh Reddell, Committee Member, Vice-Chairman, Citizen - **ABSENT**
Max Blair, Committee Member, Industry
David Carro, Committee Member, Surface Owner
Marc Cooper, Committee Member, Surface Owner
Larry Quirk, Committee Member, Citizen - **ABSENT**
Greg Bloodworth, Committee Member, Citizen
Philip Holmes, Committee Member, Industry
OPEN, Committee Member, Industry
James Spehalski, Committee Member, Surface Owner
Tom Tobiassen, Committee Member applicant, Citizen

Jeffrey S. Moore, City of Aurora, Oil & Gas Division Manager
Maria Alvarez, City of Aurora, Senior Planner
Forrest Thorniley, City of Aurora, Senior Inspector
Ian Best, City of Aurora, Assistant City Attorney
Kaylene Case (KC), Resident, City of Aurora

1. Brad Pierce, Chairman, called the meeting to order at 4:03 p.m. There was a quorum of 6 members out of 10. Max Blair joined at 4:20 pm, Dave Carro joined at 4:30pm. Total quorum for today's meeting is 8.

2. Chairman Pierce introduced himself and proceeded to call role.

- Advised Tom Tobiassen's membership had not been changed, notified Tristen offline via email to make this change.
- Chairman Pierce asked that City of Aurora Staff and members of the public to introduce themselves. All attendees are listed above.

3. Approval of minutes for May 17th, July 20th, August 4th, and September 21st. Chairman Pierce requested to make motion to approve all minutes at once. Tom Tobiassen moved to approve; 2nd motion by James Spehalski. Opened the floor for discussion of minutes, no response, moved to approve minutes, unanimous vote to approve.

4. Public Comment Period

Kaylene lives in the Beacon Point Neighborhood and joins today. First time attending O&GAC meeting. Had questions about the Lowry Ranch Project and asked about mineral leasing.

- Jeffrey discussed Lowry Ranch Project happening east of Ward VI, outside City limits in unincorporated Arapahoe County and COGCC, explained both entities will have comment periods open to the public. The county will handle any surface disturbance and any nuisances related that project. City does not have any authority over these wells.
- Chairman Pierce and other Committee members introduced themselves so Kaylene could meet the O&GAC.
 - Brad Pierce, Chairman
 - Tom Tobiassen, Member

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- Greg Bloodworth, Member, Citizen Representative. I have a 10 years' experience with Northern natural gas. I'm from Houston. I've been in the oil and gas field for a while as a consultant, and, uh, used to work for Schlumberger.
- James Spehalski, Member, Citizen Owner. I represent the surface owners and developer in the eastern part of Aurora. I have over 3,000 acres of property that currently has minerals extracted on.
- Phillip Holmes, Industry Member
- Max Blair, Industry Member. Committee member for 8 or 9 years and have been involved in oil and gas development in Aurora and adjacent Arapahoe, Elbert, and Adams counties and prior to moving to Colorado in New Mexico as well.
- Marc Cooper, Member Citizen Owner. I am a landowner and mineral rights owner in Aurora and Arapahoe County.
- Dave Carro. Member. Works for Oakwood Homes mainly east Aurora.

5. Staff Update

Maria Alvarez, O&G Senior Planner, City of Aurora:

Permitting Updates

- King North 3-65 hold pending on the outcome of the Box Elder Comprehensive Area Plan (CAP) Between Crestone and Aurora Highlands. Has gone through 2nd Review, extending timeline, might need to restart application or may request 2nd extension on Response to Comments.
- Chico-Watkins application received, have gone through pre-application process and are pending request for pre-application submittal.
- Jamaso Lateral, Amendment 11, has gone through pre-application process and are pending request for pre-application submittal. This is a pipeline lateral, and this is a connection from the wellsite to the crude oil gathering system.

Forrest Thorniley, O&G Senior Inspector, City of Aurora:

Drilling Updates

- Operations continue drilling out the Lone Tree pad and they're doing completions still at the Eastern Hills South alongside tank battery construction.

Inspection Updates

- Just recently completed inspections of all pipelines for the 2nd half of this year including with IR camera. Will be back doing regular 4th quarter IR camera inspections next week. At the moment, 4th quarter facility inspections with IR camera are pending.
- Proposal for low cost or quality sensors throughout the City of Aurora. Will be reviewing contractor bids before the end of the year and make a decision early 2023.
- CAMML CDPHE air quality monitoring mobile station that is currently located at the Lone Tree pad.
- There have been no spills and no incidents or injuries of any kind since the last meeting.

Jeffrey S. Moore, O&G Division Manager, City of Aurora:

Division Updates

General Division Updates

- Last month Crestone applied for a CAP, a Comprehensive Area Plan, it was approved by the COGCC two weeks ago. I testified and gave some comments, we did support the operator in their general application. There were 151 wells referenced in the CAP application and are part of the Crestone Operator Agreement that the City signed in 2019.
- Since our last meeting, our division has been given new responsibilities and authority on environmental and a variety of issues, We also have a 3rd party consultant that help amongst other things that involves the City of Aurora.

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- Our group is now reporting to Jeannine Rustad, Director of Planning and Development Services, we are no longer reporting to Jason Batchelor due to organizational shift. He is now responsible for IT Department, Police and Fire, and other things.

O&G Website/GIS Updates

- Were able to obtain GIS support already built into the Planning Department as well as help with the O&G website.
- The layers for the GIS O&G website would include location name, GPS coordinates, crossroads, addresses and any findings and reports, any photos that may be available. Facility type, operating, plugged and abandoned information. The goal is to provide permitting records from pre-application process, to review to approval.
- There are several maps available through the City of Aurora GIS mapping system that is available to the public with baseline data and information. GIS Department has over 3,000 layers of data throughout the City.

Annual Oil and Gas Division Update

- Jeffrey presented 2022 O&G Annual Summary (presentation attached).
- The Committee appreciated the detailed information provided as well as offering support and bringing in subject matter experts to discuss leasing or not leasing mineral rights.
- Discussed the possibility of having public forums and providing support through public outreach to better inform the public of the benefits associated with O&G.

7. General Comments from the Chair:

- Next meeting January 18, 2023.
- Will go through the approval of past minutes.

The general meeting was adjourned at 5:15 p.m.

Minutes Approved


Brad Pierce, Chairman

01/18/2023

Date

City of Aurora, Colorado

2022 Oil & Gas Division Annual Summary



Jeffrey S. Moore, P.G.
Manager ♦ Oil & Gas Division

We steward access to the natural resources under our authority with integrity and respect for our citizens, businesses, and the environment.

Topics

- Staffing
- Well counts and status
 - Current
 - Future
- Operators
- Permitting
- Inspections
- Income
 - Inspection Fees
 - Permit Fees
 - Royalties
- Oil & Gas Advisory Committee
- Future Initiatives



Staffing

- Senior Inspector – 2 years
 - Bachelors in Environmental Studies
 - Multiple Certifications
 - 20 years experience with field inspections
- Senior Planner – New in July 2022!
 - Masters in Urban and Regional Planning
 - Bachelors in Geography and Urban Studies
 - Native Spanish speaker



Wells and Status

	12/31/19	12/31/20	12/31/21	11/30/22
Producing	45	51	60	108
Drilling/Completions	14	17	42	22
Shut-in (to be plugged)	9	7	3	2
P&A/D&A	48	50	57	58
All Wells	116	125	162	190
<i>Future (Projected)</i>	345	348	297	~150

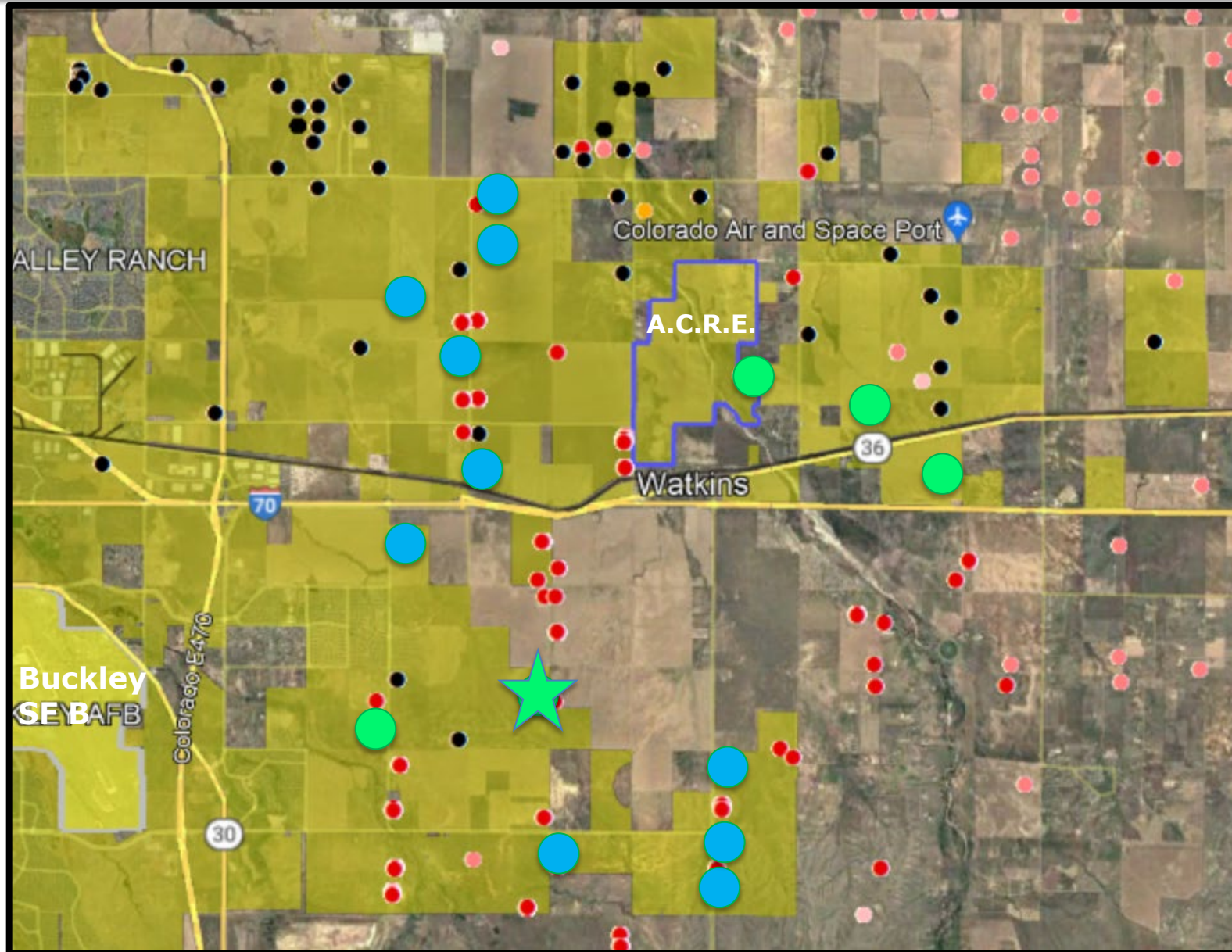




Operators

Upstream Operator	OA/OGM	Producing (PR)	Drilling/ Cmpl	Shut-in (SI)	P&A/ D&A
Crestone Peak Resources (Civitas)	OA	108	12	0	0
Axis Exploration (Extraction/Civitas)	OA	2	8	0	0
Painted Pegasus Petroleum-OWP	OGM	0	0	1	0
KP Kauffman Company	OGM	0	0	1	0
<i>Old Operators (plugged wells)</i>	<i>OGM</i>				58
TOTALS		110	20	2	58



Aurora Wells – Ward II



-  Drilling/Completing
-  Producing
-  Plugged Well
-  Future Well Sites
-  City Limits



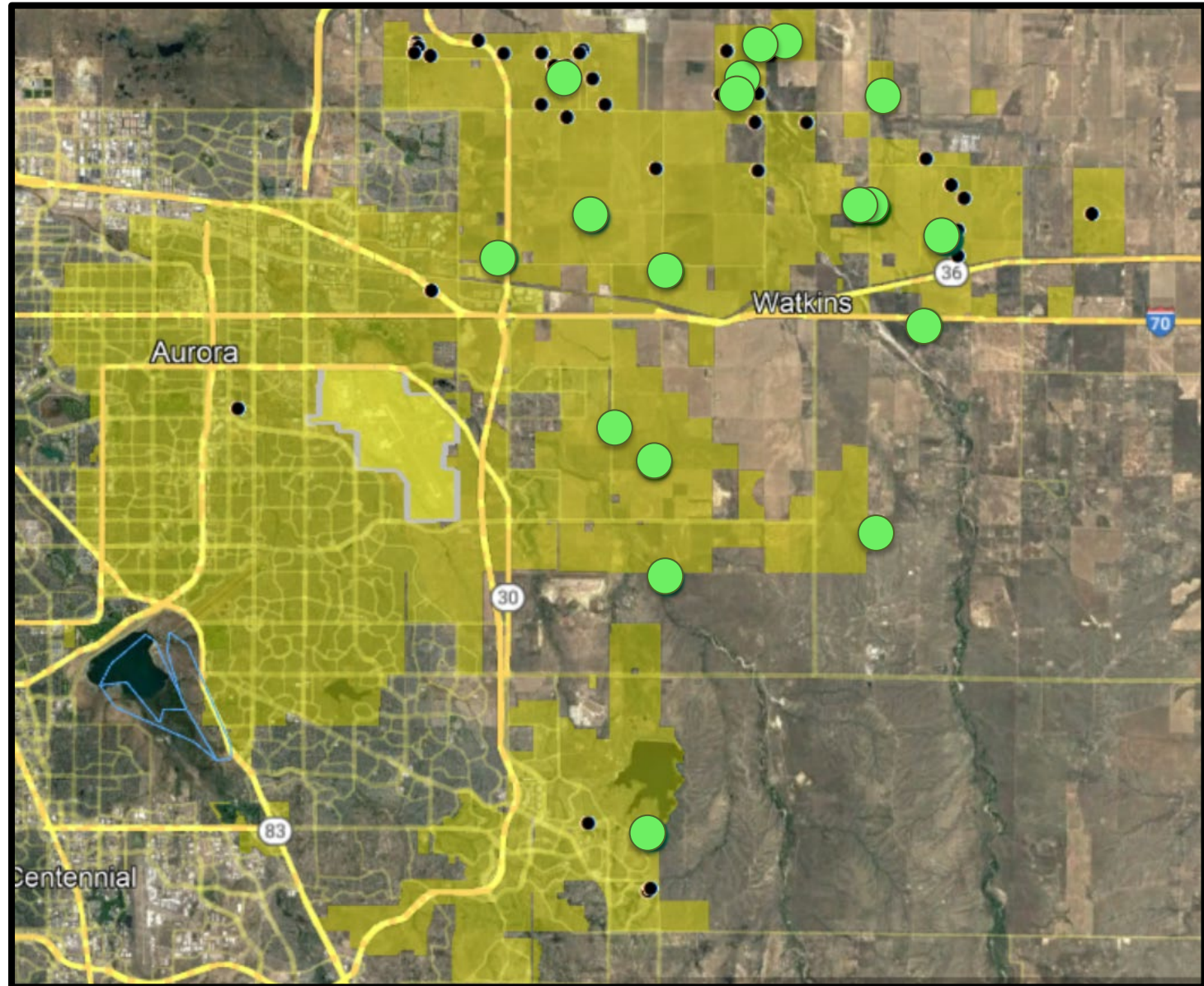
Aurora Wells - Re-Plugged Since 2020

- 58 wells in Aurora
- 15 replugged

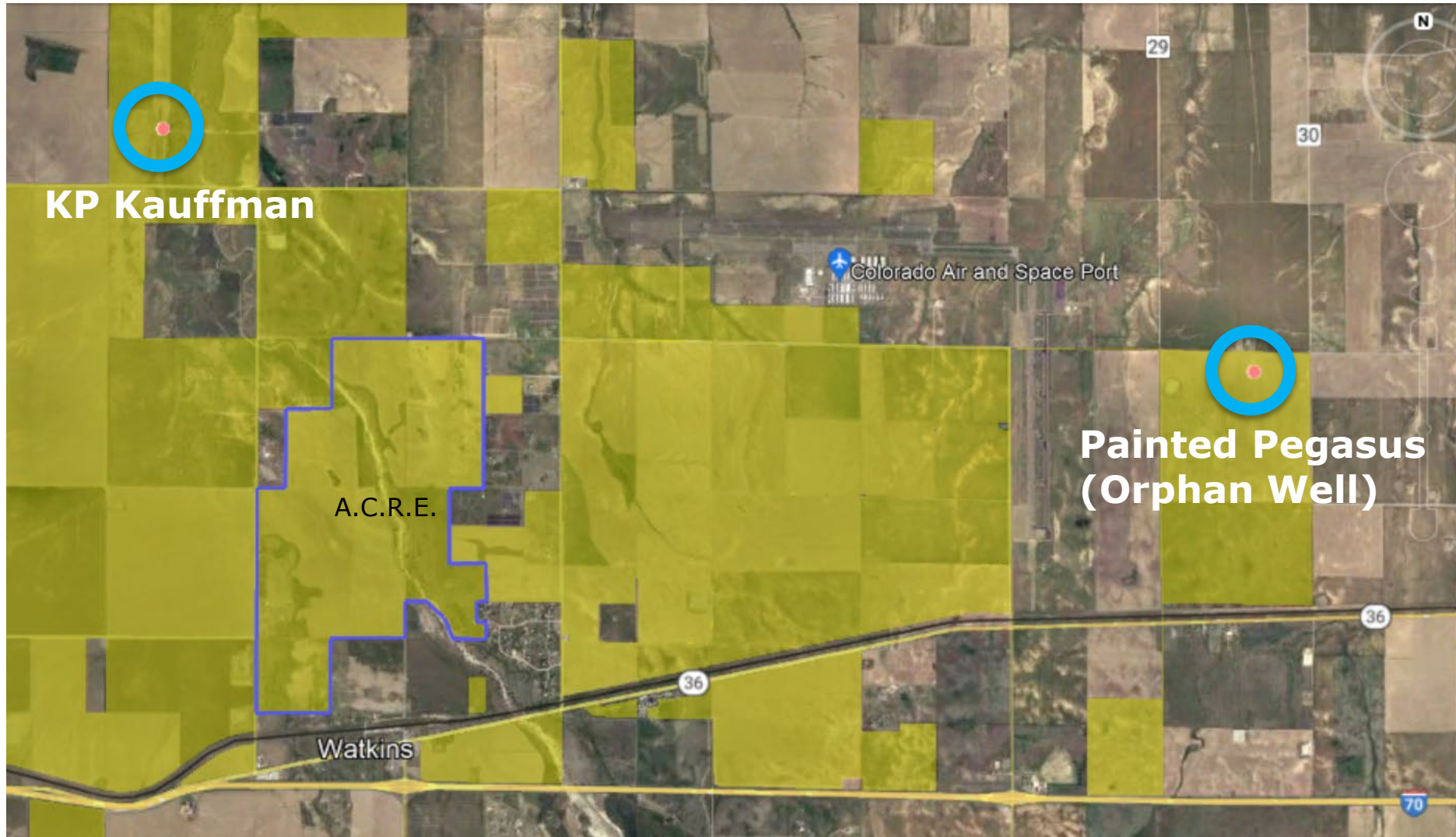
 Recently replugged well

 City Limits

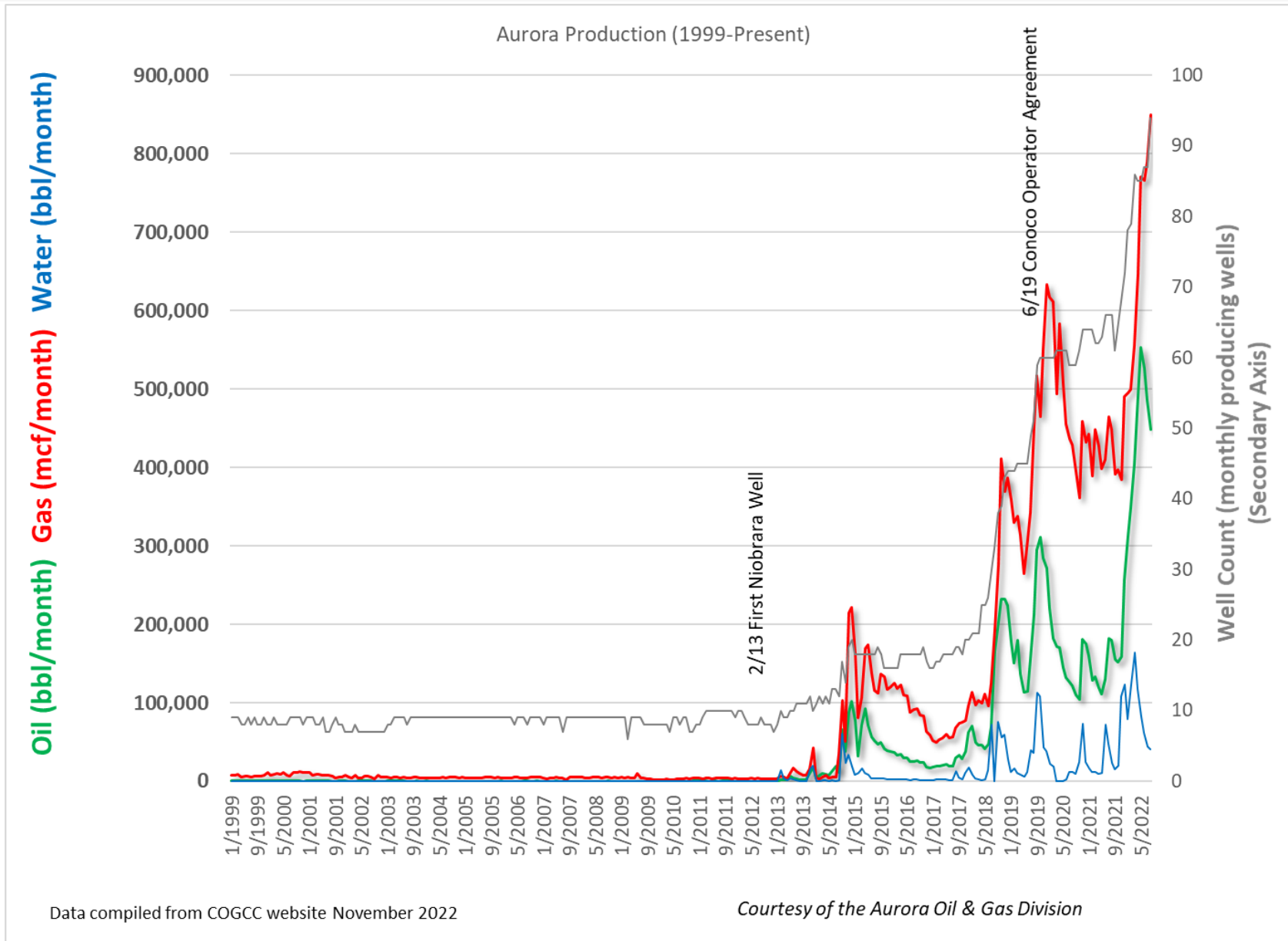
 Other Plugged Well



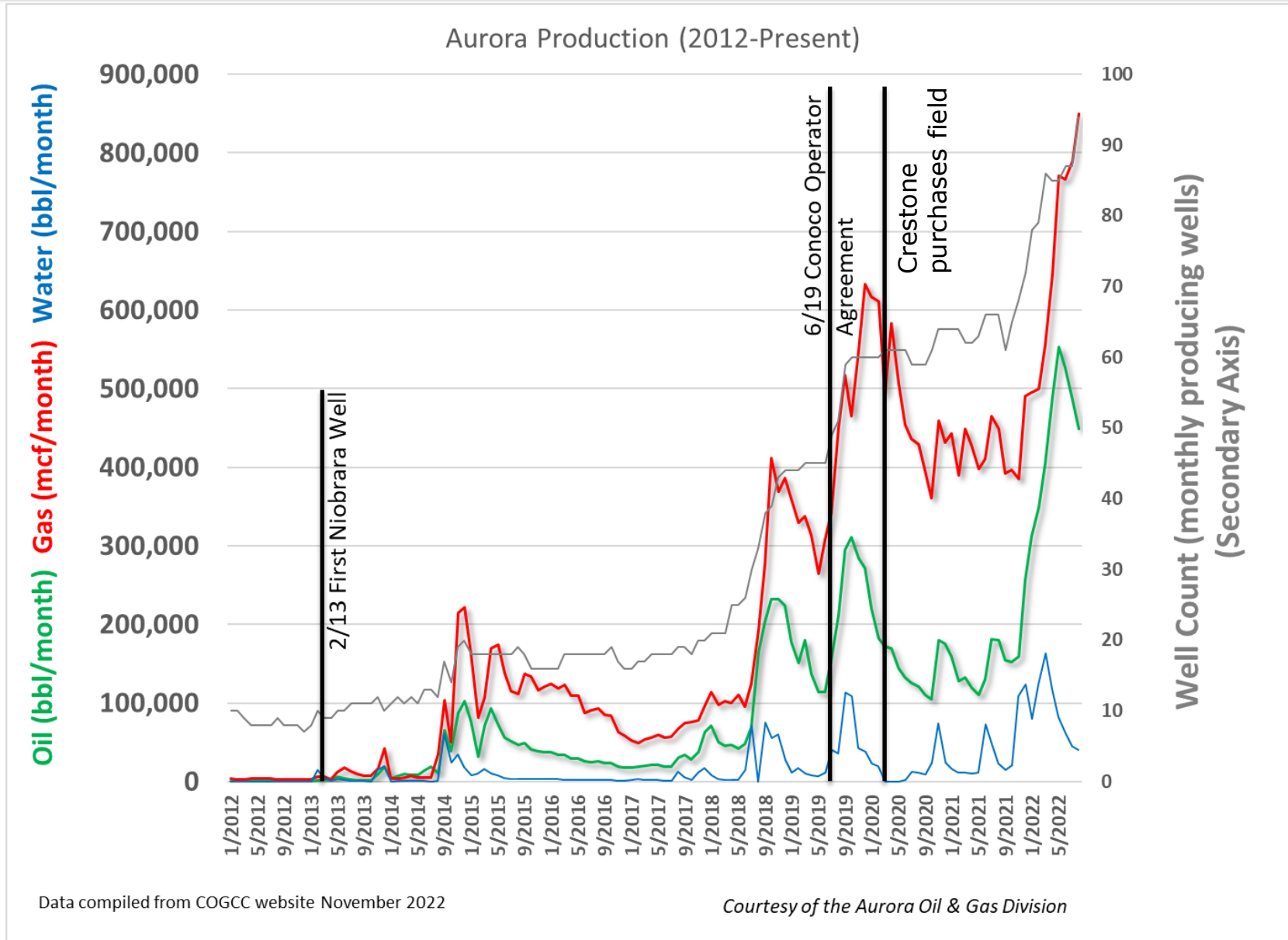
Aurora Wells – To Be Plugged



Aurora Production – All



Aurora Production – Since 2012



Daily Values

Natural Gas:
~27,400
mcf/day

Oil:
~14,500
bbl/day

Water:
~1,300
bbl/day

Data through
 8/31/2022



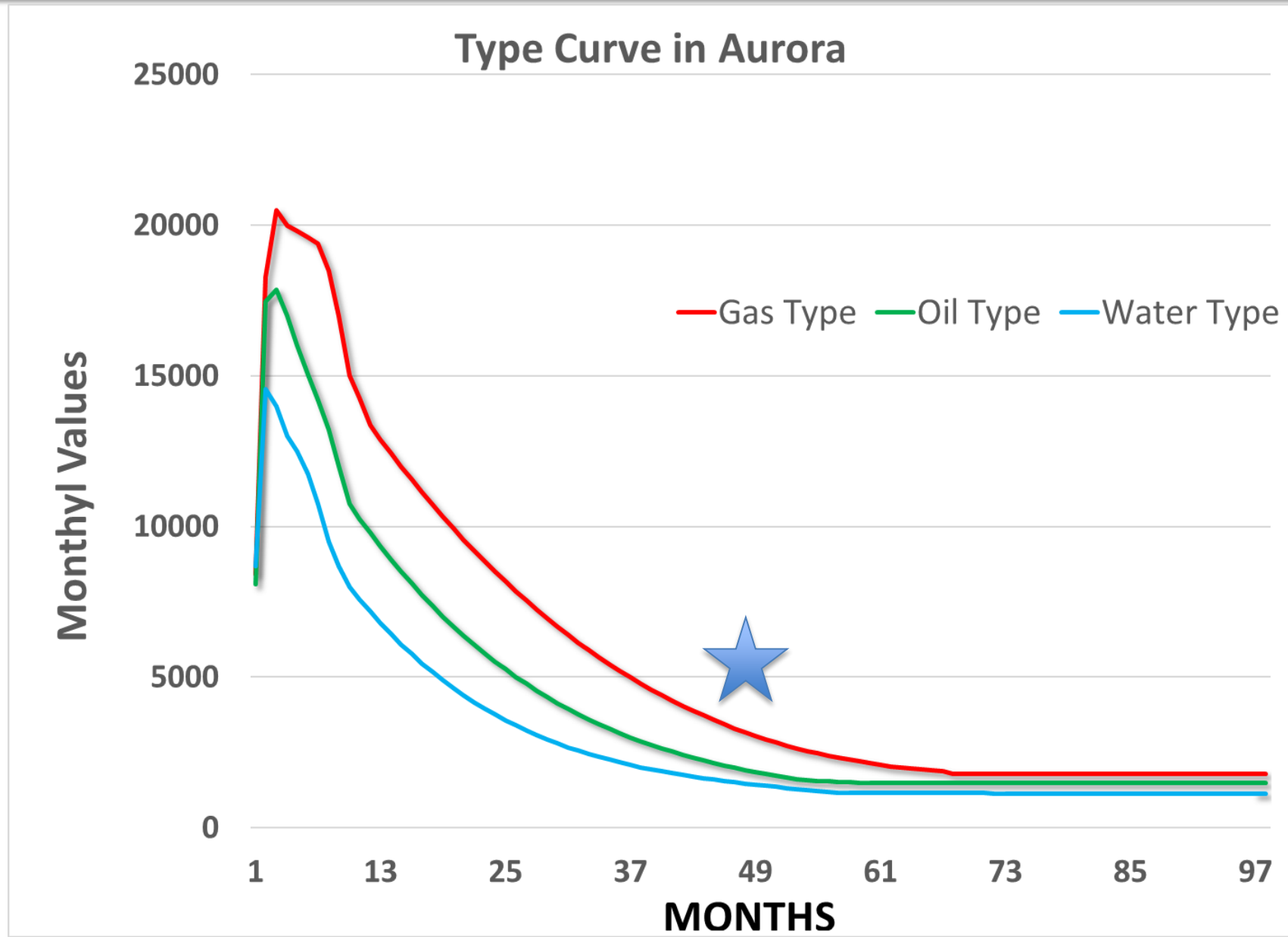
Single Well Type Curve – Aurora only data

Peak Monthly Values:

Natural Gas:
20,000
mcf/month

Oil:
~17,000
bbl/month

Water:
14,000
bbl/month



Permitting

<u>Type of Application</u>	<u># Submitted</u>	<u># Approved(in 2022)</u>
Well Site	2	1
Crude Oil Lateral Pipeline	4	3
Natural Gas Lateral Pipeline	1	1
Site Plan Amendment	1	1

100% of applications were processed within the agreed timeframes in the Operator Agreement

Pre-apps reviewed/comments/attended 191



Inspections

Well Site Inspections

Phase	Number
Pad Construction	4
Drilling Phase	16
Completions Phase	12
Production Phase	140
P&A (over 6 wells)	<u>12</u>
Total Well Site inspections	184

Associated Facility (Midstream) Inspections	98
Complaint Followup	2



FLIR GFX320



Spills

Date	Spill Volume (bbls)	Material	Stayed on Pad?	Operator	Facility	Equipment	Operation	Failure type
2022.01.07	6	condensate	yes	Crestone	Cottonwood Creek #4-65 27-28	Separator valve	production	mechanical integrity
2022.02.15	1.5	produced water	yes	Crestone	Rush #4-65 29-30 (north)	Water Truck valve	production	mechanical integrity
2022.03.10	1	water and oil	yes	Crestone	Rush #4-65 29-30 (north)	hammer union	production	mechanical integrity
2022.08.02	0.37	completion fluids	yes	Crestone	Rush #4-65 29-30 (north)	frac tank	completions	mechanical integrity



Income - Inspection Fees

Upstream Operator	Amount	Unpaid
Crestone Peak Resources(Civitas)	\$333,000	na
Axis (Extraction/Civitas)	\$ 21,000	na
KP Kauffman Company	\$ -	\$ (9,000)
TOTALS	\$354,000	\$ (9,000)

Midstream Operator	Amount	Unpaid
Crestone Peak Midstream	\$ 41,000	na
Rocky Mountain Midstream	\$ 1,000	na
Western Midstream	\$ 1,000	na

GRAND TOTAL: \$397,000



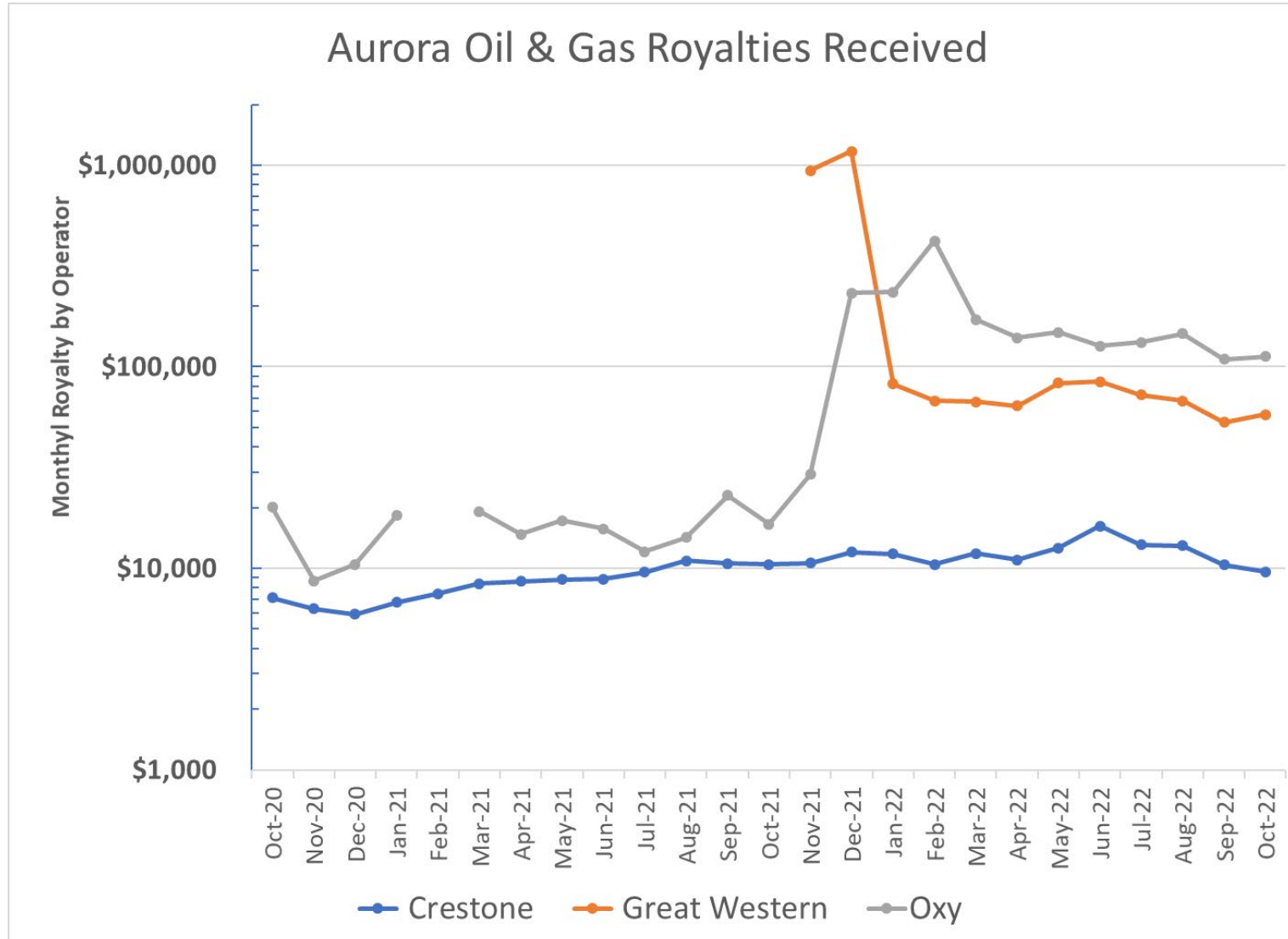
Income - Royalties

Operator	Account	Amount (12 months)
Crestone Peak Resources	General Fund	\$ 142,776
Occidental Petroleum	Aurora Water	\$ 2,003,047
Great Western (PDC)-one time	Aurora Water	\$ 2,110,857
Great Western (PDC)-monthly	Aurora Water	\$ 699,252
TOTAL		\$ 4,955,932

\$2.8
million!



Royalties



12-month average

Crestone =
\$12,000/month

Great Western =
\$70,000/month

Oxy =
\$167,000/month



Oil & Gas Advisory Committee

Facilitated 8 Meetings

- January 19
 - March 31
 - May 17
 - June 30 – Field tour with available members
 - July 20
 - August 4 – Special Meeting
 - September 21
 - *November 16*
-
- **1 new member & 5 re-appointments**
 - **1 open Industry position**
 - **Update of O&GAC membership roster**



Other Items in 2022

- Identify status of all plugged wells
 - 5 wells have been replugged in 2022
 - Contacting all developers
- Presentation to Council on reverse setbacks
 - Reinstalled a 150' reverse setback
 - Finalizing ordinance for new permanent easement to City around plugged wells
- Air Monitoring Network
 - Prepared RFP for air monitoring equipment
 - Applied for EPA grant for air quality – *Notified Oct 31 not approved
 - Mobile air quality sampling van throughout City
- Participated in multiple rulemakings at COGCC
- Team participation and presentation at Energy & Environment Symposium
- Continued research of unpaid royalties
- Multiple competitive lease sales resulting in \$1.1 million income and expected future income of \$13.2 million
- Assisted Ward VI residents in understanding leasing proposals
- Newly assigned responsibilities to care for all environmental issues in the City

**Black Parents
United
Foundation (BPUF)**
did receive EPA grant



Future Initiatives

2023

- Map-based website with access to all oil & gas documents
- Fully incorporate all environmental issues to our Division
- Complete plugging of 2 old shut-in wells
- Begin annual soil testing over P&A wells

Future Years

- Hire additional Inspector if needed
- Update Oil & Gas Manual as needed
- Create informational materials for website (and in Spanish)
- Physically locate all currently plugged wells
- Complete search of City property records for unpaid royalties
- Add permitting/inspections for other types of energy resources



Thank you!



Jeffrey S. Moore, P.G.
Manager ♦ Oil & Gas Division

We steward access to the natural resources under our authority with integrity and respect for our citizens, businesses, and the environment.